

**MINUTES OF THE  
COMMERCE AND WORKFORCE SERVICES  
APPROPRIATIONS SUBCOMMITTEE**  
Room 110, West Office Building, State Capitol Complex  
January 28, 2008

**MEMBERS PRESENT:** Sen. Jon Greiner, Co-Chairman  
Rep. Michael Morley, Co-Chairman  
Sen. Karen Mayne  
Sen. Wayne Niederhauser  
Rep. Sylvia Andersen  
Rep. Jim Dunnigan  
Rep. Craig Frank  
Rep. Lynn Hemingway  
Rep. Mark Wheatley  
Rep. Larry Wiley

**MEMBERS ABSENT:** Sen. Mark Madsen

**STAFF PRESENT:** Danny Schoenfeld, Fiscal Analyst  
Karen Mitchell, Committee Secretary

**Note:** A list of handouts and visitors lists will be filed with committee minutes.

Co-Chair Rep. Morley called the meeting to order at 2:07 p.m.

**MOTION:** Rep. Frank moved to approve the minutes of January 23, and January 24, 2008.  
The motion passed unanimously. Sen. Mayne, Sen. Niederhauser, Rep. Andersen, Rep. Dunnigan were absent for the vote.

Rep. Aagard explained H. B. 93, Insurance Fraud Amendments. This Bill requires insurance companies to report fraud to the Department of Insurance. Enactment of this bill will require additional appropriations of \$76,000 to the Department of Insurance to pay for additional Fraud Investigators. Additional expenses accrued would be generated by increased assessments on insurance companies.

Rep. Aagard responded to questions from committee members.

Kent Michie, Commissioner of Insurance, answered further questions from committee members regarding insurance fraud.

Neil Gooch, Deputy Commissioner, responded to questions from the committee regarding the financial expenses in regard to the filing of fraud reports.

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The committee thanked Rep. Aagard for his presentation.

### **Department of Insurance**

Danny Schoenfeld, Fiscal Analyst, presented the Budget Brief for the Insurance Department. The Department has a budget of \$42.3 million with an actual operation budget of \$6 million, the remainder going into the High Risk Insurance Pool. The Department has an FTE of 85 individuals.

The Analyst explained the FY 2009 Budget Recommendations: The Insurance Department is required by law to examine all domestic insurance companies at least once every five years. The number of examiners in the Department is stretched to the point that they are contracting with outside providers to get the job done in a timely fashion. The Analyst recommends \$198,000 in ongoing general fund for two additional financial examiners. Costs are then billed to the companies for the compliance review, total cost being \$212,700. The net cost to the state is General Fund reduction of \$14,700.

The Analyst further explained that there has recently been an increase of Hispanic Insurance providers and the Department does not have staff that can focus exclusively on the Hispanic insurance marketplace. The analyst recommends \$190,200 in ongoing General fund for two additional financial examiners. These costs are then billed to the companies for the compliance review, total cost being \$204,300. The net cost to the state is General Fund reduction of \$14,090.

The analyst recommends intent statement:

*Intent Language-During the 2007 General Session the Legislature authorized the Department of Insurance an additional \$91,200 in dedicated Credits to fund an additional FTE. Although the authorized amount included \$16,000 for the purchase of a car, no language was added to authorize Fleet to purchase one. The Analyst recommends Intent Language to allow the Department of Insurance to purchase an additional vehicle.*

*Insurance is authorized to not lapse up to 4120,000 for computer equipment and software and \$10,000 for employee training.*

Mr. Michie thanked the Analyst for his presentation stating the Department supports the Analyst's recommendations. A handout was provided that supports the needs of the Insurance Department.

The Director and Mr. Gooch responded to questions from the committee.

### **Financial Institutions**

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The Analyst presented the Budget Brief for the Financial Institution Department. He explained that their annual budget is \$6,085,900, with an FTE of 54 individuals. Funding for the Department is from a General Fund Restricted Account for Financial Institutions. Fees are collected on assets under supervision and on examinations. Funds remaining at the end of the year lapse back to the restricted account.

The Analyst recommendations for FY 2008: Replacement of carpet in original section of office-\$30,000 One-Time, contracting with Print Services - \$4,000 on-going, and replacement of laptop and desktop computers-\$184,000 One-Time.

Ed Leary, Director of Financial Institutions, thanked the Analyst for his presentation. The Department agrees with the Analyst's recommendations.

Mr. Leary, assisted by Michael Jones, Chief Examiner, responded to questions from the committee.

MOTION: Rep. Wiley moved to adjourn. The motion passed unanimously, Rep. Morley adjourned the meeting at 3:13 p.m.

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Sen. Jon Greiner, Co-Chair

Rep. Michael Morley, Co-Chair